

Sweetened Beverage Tax Community Advisory Board

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Date: June 5, 2024

To: Mayor Bruce Harrell and Acting City Budget Director Dan Eder

From: The Sweetened Beverage Tax Community Advisory Board

Subject: 2025 Budget Recommendations from the Sweetened Beverage Tax Community Advisory Board

Cc: Council President Sara Nelson, Councilmember Rob Saka, Councilmember Tammy J. Morales, Councilmember Joy Hollingsworth, Councilmember Maritza Rivera, Councilmember Cathy Moore, Councilmember Dan Strauss, Councilmember Dan Kettle, Councilmember Tanya Woo, Deputy Mayor Adiam Emery, Office of Sustainability & Environment Director Jessyn Farrell, Saroja Reddy, and Greg Shiring

Dear Mayor Harrell and Acting Budget Director Dan Eder,

We are writing to transmit the **2025 Budget Recommendations** from the Sweetened Beverage Tax Community Advisory Board and fulfill our role, established by [Ord. 125324](#), to advise and make recommendations to the Mayor and City Council on programs and services supported by the Sweetened Beverage Tax (SBT).

Seattle's SBT was designed to improve the health of Seattle residents by reducing the sales and consumption of sugary drinks. In addition, as directed by the [Seattle Municipal Code \(SMC\) 5.53.055 - Sweetened beverage tax-Allocation of proceeds](#), SBT revenue *“shall”* be used to *“expand access”* to programs that increase healthy food access and support child health and early learning. **Expanding access to these basic services is critical.** There is great need in the community due to Seattle's affordability crisis and wealth disparities. Seattle-area child care is [scarce, costly, and out of reach](#) for many. Meanwhile, lower income [residents are struggling to keep up with food prices](#), which [increased 25%](#) between 2019 and 2023.

In accordance with [SMC 5.53.055](#), SBT funds critically important programs that increase food security, increase access to healthy food, and support child health and early learning. SBT investments include nationally recognized and locally beloved programs and services including Fresh Bucks, Farm to Preschool, Healthy Food in Schools, the Food Equity Fund, the Prenatal-to-Three Community Grant Program, the Child Care Assistance Program (CCAP), and the Developmental Bridge Program. Additionally, critical hunger relief resources like food banks and meal programs are supported by SBT. Seattle is [recognized](#) for its equitable re-investment of SBT revenues and you, Mayor, have recently been [acknowledged](#) for the City's SBT-funded food security programs.

We are aware that the City of Seattle faces an estimated \$240 million budget deficit starting in 2025, according to the latest data, and that tough decisions are coming. The better news is the [April 2024 revenue forecast](#) (pages 22, 30) shows the SBT Fund is stable and balanced in 2025: there is no shortfall in SBT revenue and no need at this time to supplement SBT revenues with other fund sources. Given this current budget outlook, our recommendations are as follows:

- 1. Maintain spending restrictions on the SBT Fund.** We were very concerned to see the [presentation](#) (page 6) at the April 17 Select Budget Committee that outlined one potential tool to address the budget deficit is to lift restrictions on local funds including the SBT. Part of the original intent and design of the SBT is that the revenues *“shall”* be used to *“expand access”* to programs that increase healthy food access and support child health and early learning.

SBT funds should continue to be used as intended—to expand, not supplant, programs and services that address inequities in food access and educational outcomes. Many community advocates worked hard during the legislative process to ensure SBT revenue would increase investments in the communities most impacted by food and educational inequities, not pad the pockets of the city’s overall budget. Using SBT funds to supplant baseline allocations for other priorities erodes community and public trust.

In 2018-2019, former Mayor Jenny Durkan tried to swap \$6 million in General Fund spending on healthy food initiatives and replace that money with SBT revenues, a risky move that garnered lots of negative press for the administration. The [backlash](#) from this [Community Advisory Board](#), the broader community, and [City Council](#) was harsh and swift. We strongly affirm that SBT revenues should be used to fully fund activities recommended by the CAB, consistent with the intent of the SBT ordinance, and consistent with community recommendations.

- 2. Prioritize food security and prenatal-to-three programs and maintain current services.** Cuts to these programs and services will increase economic, racial, and social disparities (see **Appendix A**). Food assistance, child care assistance, and child development services are basic needs and as important as addressing mental health services, housing, homelessness, and public safety. The need for food and child care assistance is very high in Seattle due to inflationary pressures and the end of COVID-era assistance. U.S. food prices [rose 25%](#) between 2019 and 2023, according to the Consumer Price Index (CPI). Food banks in Seattle have seen an [increase in demand](#) from people who need extra help feeding themselves or their families due to record inflation and ever since the federal government reduced household allowances for SNAP (food stamps) to pre-pandemic amounts.

Meanwhile, child care in Seattle is [scarce, costly, and out of reach](#) for many Seattle families. Many Seattle families struggle to pay for child care, which can cost more than \$2,000 a month for infant care at a center. Seattle’s Child Care Assistance Program (CCAP) has a waitlist for families seeking subsidies.

As you look for ways to balance the budget, food and child care programs are not the places to find your budget savings. These programs help our most vulnerable residents and neighbors who should not have to shoulder the additional burden of the city's budget deficit. Ideally, the City should be finding ways to invest even more in food and child care assistance.

- 3. Identify aligned local levies that could help support SBT-funded programs/services and meet the high needs in the community.** For example, the [Families, Education, Preschool, and Promise \(FEPP\) Levy](#) is up for renewal in 2025-2026 and may be a viable option to help fund birth-to-three services and food access programs in preschools and K-12 schools that are currently supported by SBT.

Currently, the FEPP Levy Early Learning funds are intended to provide access to high-quality early learning educational services, specifically preschool starting at age 3. Research shows that investing in birth-to-three supports and programs is the most effective strategy for ensuring a strong start for children and for maximizing the impact of later investments in the education continuum. The future levy provides an opportunity to strategically align DEEL's birth-to-three investments—currently solely funded by SBT—with its larger continuum of investments in children and youth across the birth to postsecondary continuum.

We also see a clear connection between food access programming in preschools and K-12 schools and the future FEPP levy. The FEPP levy's intended outcome is that *“students in historically underserved groups, including African American/Black, Hispanic/Latino, Native American, Pacific Islander, underserved Asian populations, other students of color, refugee and immigrant, homeless, English language learners, and LGBTQ students, are achieving academically across the preschool to post-secondary continuum.”* These are the same student populations most impacted by food and nutrition insecurity. Children and youth who are hungry cannot focus, so they have low attention span, behavioral issues, and discipline issues in school. Fueling children and youth with nutritious and energy-dense foods helps support their growth, development, classroom behavior, and readiness to learn. The future FEPP Levy should seriously consider how it can support food programs in the schools.

On behalf of the communities we represent and serve, thank you for your continued attention to our recommendations on the SBT spending plan. We do not underestimate the severity of the city's budget deficit. However, cutting food and child development services for low-income individuals and families and communities of color does not align with our city's values and would harm our communities today and for years to come.

We appreciate the commitment to accountable and transparent partnership that Mayor Harrell, City Council, City Budget Office, and SBT-funded departments have shown over the years. We ask that you continue to consult us early and often whenever there are changes in SBT revenue forecasts.

Sincerely,



Tanika Thompson-Bird
Co-Chair, SBT Community Advisory Board



Jen Moss
Co-Chair, SBT Community Advisory Board

Appendices

- A. Programs and services supported by the SBT Fund
- B. Impact of cuts to food assistance and prenatal-to-three programs

Attachments

- C. [2024 SBT Community Advisory Board Briefing Book](#)
- D. [2022 SBT Annual Report](#) (2023 SBT Annual Report coming soon)

Appendix A: Programs and Services Supported by the SBT Fund

In 2023, the SBT Fund supported **\$22 million** in programs and services focused on food security and early child development.

Food Access and Health Promotion	Managing Dept	2023 Adopted Budget (\$)
Fresh Bucks	OSE	5,302,653
Food Equity Fund Community Grant Program	DON	2,888,547
Food banks and home delivery	HSD	2,341,907
Community and older adult meal programs	HSD	1,317,588
Farm to Preschool and Child Care	HSD	1,200,659
Healthy Food in Schools	OSE	485,607
Recreational programming	SPR	302,531
Food Policy & Program Supports	OSE	302,433
Food Access Administration	HSD	80,403
<i>Subtotal</i>		14,222,328

Early Learning, Education, Child Development	Managing Dept	2023 Baseline Budget (\$)
Child Care Assistance Program	DEEL	3,075,371
Prenatal-to-Three Grant Program	DEEL	1,500,000
Health and Developmental Supports	DEEL	1,471,848
Coaching and Training	DEEL	479,596
Home Visiting	DEEL	606,227
SBT Central Administration	DEEL	602,120
Family Child Care Support*	DEEL	-
<i>Subtotal</i>		7,735,162

*Not implemented in 2023

Appendix B: Impact of cuts to food assistance and prenatal-to-three programs

Our 2025 Budget Recommendations are straightforward:

1. Maintain spending restrictions on the SBT Fund
2. Prioritize food security and prenatal-to-three programs and maintain current services.
3. Identify aligned local levies (e.g. the future Families, Education, Preschool, and Promise Levy) that could help support SBT-funded programs/services and meet the high needs in the community.

What follows is more information on the harmful impacts reducing SBT-funded programs/services would have in Seattle communities.

Cuts to SBT-funded programs and services will increase economic, racial, and social disparities. Thanks to years of engagement and co-design efforts with community partners and the CAB, SBT programs and services are intentionally designed and delivered so they benefit people in Seattle most impacted by race and income-based disparities in health, economic hardship, and child wellbeing. Additionally, demand for SBT-funded programs and services already exceeds availability of funds. For example:

- A report published in February 2023 for the King County Council, [Food insecurity in King County](#), reported the number of households accessing food pantries and receiving Basic Food assistance, Washington’s Supplemental Nutrition Assistance Program (SNAP), increased in King County, suggesting an increase in the number of people experiencing food insecurity. This need is magnified by historically high inflation and the recent sunsetting of expanded, COVID-era food assistance funding from the City, County and federal governments. This report was published *before* the end of SNAP emergency allotments (in March 2023) meaning SNAP has even less purchasing power compared to current food prices. For example, some elders (adults ages 60+) living on their own have seen their monthly benefits drop from over \$200 a month to just \$23 a month.
- A report published in December 2022 for the Washington Governor and legislature, [The True Cost of Quality Child Care in Washington](#), confirmed what many of us already knew – because child care is not financed as a public good, the cost of providing high quality care far outweighs the budgetary capacity of most families. Meanwhile, last year, a record number of families contacted the Department of Education and Early Learning (DEEL) to apply for CCAP child care subsidies, which are funded by SBT.
- Fresh Bucks has maximized the number of customers it can serve with the resources available. In the most recent Fresh Bucks open enrollment campaign, the program received applications from 3,200 households *that exceeded available enrollment spots*. Even without an enrollment process open, Fresh Bucks continues to field inquiries on a weekly basis from community members who are seeking Fresh Bucks enrollment opportunities (receiving nearly 700 enrollment inquiries in 2022 alone).

- This year, the SBT-funded Food Equity Fund received community grant proposals and funding requests that were *four times* the funding available (\$8.9 million in funding proposals for \$2.0 million available). In 2022, Food Equity Fund received over \$10.4 million in requests for \$3.8 million available. The Food Equity Fund was created in response to community demand and CAB recommendations and funds a variety of community-led food projects.

Cutting food and child development services for low-income individuals and families and communities of color does not align with our city’s values and would harm our communities. We cannot overstate the importance of food security and prenatal-to-three programming:

- Food security is essential to health and wellbeing. When people don’t have enough food or must choose inexpensive foods that are not nutritious, this has a huge impact on their physical and mental health. For children, food insecurity impacts their health, behavior, and readiness to learn in school.
- Far too many Seattle residents experience food insecurity and hunger. Even before the onset of the pandemic, almost 11 percent of Seattle adults experienced food insecurity, and there are deep and persistent disparities by race/ethnicity, by income, and for households with children. Due to structural racism, Black, Hispanic, Native American/Alaskan Native, and Native Hawaiian/Pacific Islander households in Seattle are more than *four times* as likely to experience food insecurity than white and Asian households.
- The first years of a child’s life are some of the most important in terms of their cognitive, social, and physical development. Early experiences occurring when a child’s brain and behavior are being shaped affect a child’s ability to learn, to get along with others, and to develop an overall state of well-being. Unfortunately, not all children have the same positive experiences or opportunities, which can lead to disparities in educational, economic, and social outcomes. Social, economic, and environmental factors have been closely linked to health disparities. Seattle’s prenatal-to-three programs are working to change this, and SBT is their only dedicated revenue source.
- SBT funds support organizations that provide food access and complementary food and nutrition education in preschools and K-12 schools, filling a gap left by the pandemic in opportunities to engage in co-curricular learning and enriching experiences. Early learning and K-12 schools rely on these extracurricular offerings due to limited staffing and budgetary resources.

The only option to reduce future spending on SBT programs and services is to make cuts to direct services or benefits. This will negatively impact low-income residents and BIPOC who are the majority beneficiaries of SBT-funded programs and services. Last year, the CAB worked with City departments to identify strategic, “non-essential” spending reductions that would not impact direct services or benefits for low-income residents. There is nowhere else to cut except for direct services. Adopted cuts and re-programming of SBT funds in 2023 and 2024 include:

- Professional development for CCAP providers: \$273,000 cut in 2023 and 2024

- Elimination of a vacant position in the Department of Neighborhoods: \$115,000 cut in 2023 and 2024
- Program evaluation in Human Services Department (HSD): \$100,000 cut in 2023
- Overhead and indirect in HSD: \$90,000 cut in 2023 and 2024
- \$350,000 cut from the Be Ready Be Hydrated campaign (\$250,000) and program evaluation (\$100,000) and re-directed to food banks and meal programs.

Cuts to SBT-funded programs and services will leave a major gap. This is because SBT-funded programs and services could not exist in their current form if not for dedicated, local dollars. SBT revenues support unique, local programming that cannot be replaced or backfilled by programs and services supported by other state or federal entities. In fact, this is why the community strongly advocated to protect the use of SBT funds on dedicated food and early learning programs. For example:

- CCAP is intentionally designed to support families who are *ineligible* for other state child care subsidy programs.
- Together, the Food Equity Fund and Prenatal-to-Three Community Grant Program annually invest \$4.5 million in SBT revenue to support community-identified and community-led projects. SBT enables the City to flexibly and equitably invest in a variety of community-led projects and services throughout Seattle, using grantmaking and contracting practices that are significantly lower barrier than possible with state and federal funding.
- Food banks and meal programs are also supported by the City’s General Fund and variable state funding. However, SBT enables the City to increase investment in food and meal programs to meet growing needs of older adults, families, BIPOC, and other communities, and to provide enhanced services such as culturally relevant foods, home delivery, student weekend hunger backpacks, and more. Money from the state is often prioritized in south King County where the needs are even greater.
- State and federal funding that flows through state agencies is available to support school meal programs. However, SBT is additive to existing school meal programs and greatly increases eligibility and access. For example, before SBT, only four Seattle Public Schools could offer the Fresh Fruit & Vegetable Program (FFVP) due to federal eligibility requirements, but with SBT the City expanded the program to 19 schools.
- No state or federal funding is available for fruit and vegetable voucher programs like Fresh Bucks. State and federal funds support matching incentive programs for SNAP participants, a much narrower population than is eligible for Fresh Bucks, and one that does not meet the intent of the SBT ordinance for Fresh Bucks to serve residents in the “food security gap.” Moreover, matching programs require SNAP participants to spend their food assistance benefits on fruits and vegetables and receive matching funds to purchase more. This is distinguished from Fresh Bucks benefits, in which participants receive cash value e-benefits to purchase fruits and vegetables directly, negating a need to spend additional resources to access the benefit.